

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION — DIVISION OF FINANCIAL ASSISTANCE  
SEPTEMBER 6, 2006**

**ITEM 9**

**SUBJECT**

CONSIDERATION OF A RESOLUTION APPROVING PROJECTS, AND AUTHORIZING ISSUANCE OF GRANTS FOR THE INTEGRATED WATERSHED MANAGEMENT PROGRAM (IWMP) AND THE NONPOINT SOURCE POLLUTION CONTROL PROGRAM (NPSPCP) ADMINISTERED THROUGH THE 2005-06 CONSOLIDATED GRANTS PROGRAM

**DISCUSSION**

I. 2005-06 Consolidated Grant Program

In response to stakeholders' requests to integrate and coordinate related grant programs, State Water Resources Control Board (State Water Board) staff consolidated and made available approximately \$146.15 million from six interrelated grant programs administered by the State Water Board's Division of Financial Assistance (Division). Consolidation allowed staff to identify the appropriate grant program(s) for the multitude of project types, reduce application efforts, and better integrate State Water Board program goals with those of our partner agencies. These programs are funded from Proposition 40, Proposition 50, and federal appropriations. The six consolidated programs are as follows:

- 1) Coastal Nonpoint Source Pollution Control Program (CNPSPCP) (*Proposition 50, Chapter 5*) - \$43.1 million
- 2) Integrated Watershed Management Program (IWMP) (*Proposition 40, Chapter 4*) - \$47.5 million
- 3) Nonpoint Source Pollution Control Program (NPSPCP) (*Proposition 40, Chapter 4*) - \$19 million
- 4) Nonpoint Source Pollution (NPS) Implementation Program (*Federal Clean Water Act, Section 319 [h]*) - \$4 million
- 5) Agricultural Water Quality Grant Program (AWQGP) (*Propositions 40 and 50, Chapters 4 and 5*) - \$18.3 million
- 6) Urban Stormwater Program (USWP) (*Proposition 40, Chapter 4*) - \$14.25 million

Additional funds amounting to approximately \$11.5 million are also available from Proposition 13<sup>1</sup>. These are remaining funds from the Proposition 13 Watershed Protection Program (WPP) (\$1.7 million), NPSPCP (\$7 million), and CNPSPCP (\$2.8 million). These funds will be used for additional projects submitted for the above six programs that meet the Proposition 13 eligibility requirements.

The State Water Board anticipates receiving another appropriation in federal fiscal year (FFY) 2007 which may be used to fund projects eligible for the NPS Implementation (319[h]) Program.

The State Water Board approved the issuance of grants to implement the ocean protection projects (OPPs), a subset of the Proposition 50 CNPSPCP, in June 2006. Recommended Funding Lists for the remaining 2005-06 Consolidated Grants are being presented to the State Water Board as they are developed. The group of projects presented for approval in this item represents the IWMP and NPSPCP programs.

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<sup>1</sup> Proposition 13-Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act of 2000.

## II. Guidelines, Grant Application, and Review and Selection Process

### A. Guidelines

State Water Board staff, along with staff from the Regional Water Quality Control Boards (Regional Water Boards), United States Environmental Protection Agency (USEPA), and other partner agencies worked together to develop the *2005-06 Consolidated Grant Program Guidelines* (Guidelines), which include a list of priorities for the grant funds. The State Water Board considered input from a broad spectrum of stakeholders and the public regarding the development and implementation of the 2005-06 Consolidated Grants Program through public scoping and draft Guidelines workshops, associated meetings, and the State Water Board website. The Guidelines were adopted by the State Water Board on January 4, 2006, and establish the evaluation criteria and the review and selection process for the 2005-06 Consolidated Grants Program's two-step process.

### B. Grant Application Process

The submittal of grant applications through the web-based Financial Assistance Application Submittal Tool (FAAST) consisted of two steps. In January 2006, the State Water Board released a Solicitation Notice for Concept Proposals. By the February 9, 2006, submittal deadline, the State Water Board received more than 470 Concept Proposals for the six grant programs. On April 5, 2006, the State Water Board invited applicants to submit Full Proposals for 23 IWMP planning projects totaling \$6,777,004 in grant fund requests, 32 IWMP implementation projects totaling \$69,528,010 in grant fund requests, and 18 NPSPCP projects totaling \$46,084,039 in grant fund requests.

### C. Review and Selection Process

The Concept Proposals and Full Proposals were reviewed, scored, and evaluated by technical reviewers using the FAAST. Each proposal received multiple independent technical reviews, in accordance with the Guidelines. Full Proposal technical review teams consisted of staff from the State Water Board, Regional Water Boards, USEPA, Resources Agency, San Francisco Bay Conservation and Development Commission, and other partner agencies.

The Selection Panel consisted of management staff from the State Water Board and Resources Agency for the IWMP proposals, and management staff from the State Water Board and USEPA for the NPSPCP proposals. The Selection Panel convened and developed funding recommendations for IWMP Planning Projects, IWMP Implementation Projects, and NPSPCP Projects, which are presented in this Agenda Item as Exhibit 1, Exhibit 2, and Exhibit 3, respectively.

### D. Recommended Funding Lists

The projects in Exhibits 1, 2, and 3 are listed in order of their funding preference and projects above the funding line are recommended for funding at this time. The projects recommended for funding represent the most competitive proposals that address the criteria adopted in the Guidelines, including providing a water quality and/or environmental benefit, demonstrating technical merit, addressing State Water Board and partner agency priorities, and providing adequate information for grant agreement preparation. Non-responsiveness to executing grant agreements has been an issue with a handful of past grant recipients. In several cases, non-responsiveness has resulted in grant funds being left unused for a substantial and unwarranted amount of time and has caused the termination of grant agreements. For this reason, the Guidelines state that lack of responsiveness prior to finalizing and executing a grant agreement may result in withdrawal of the grant award. Additionally, funds from Proposition 13 may become available as projects are completed with remaining unused funds or are terminated. If grant awards are withdrawn, projects are terminated, or additional Proposition 13 funds become available, the funds will be made available to other eligible IWMP and NPSPCP competitive

proposals presented on the Recommended Funding List, which are below the funding line at the time of the State Water Board awards.

### III. Integrated Watershed Management Program

Projects recommended for IWMP Implementation funds are integrated multi-benefit projects. Elements of some of these projects are eligible for and may be funded with future NPS Implementation (319[h]) Program appropriations.

The State Water Board was appropriated \$47.5 million from the *California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002* (Proposition 40) for the IWMP. The purpose of the IWMP is to fund projects for development of local watershed management plans, and implementation of watershed protection and water management projects. Therefore, both planning and implementation projects may be funded through the IWMP. The Proposition 13 WPP has similar eligibility requirements to the IWMP. Many projects are eligible for both programs, so the remaining WPP funds are being awarded to IWMP projects through the 2005-06 Consolidated Grants Program.

The California Environmental Protection Agency (Cal/EPA) and Resources Agency entered into a Memorandum of Understanding (MOU) to ensure that the IWMP was coordinated with other programs administered by agencies involved in the development of local watershed management plans and implementation of watershed protection and water management projects. The MOU set the framework to ensure IWMP coordination with other programs and to establish a stakeholder advisory process to assist in setting priorities and allocating funds for watershed projects. A work group of Resources Agency and State Water Board staff provided on-going input throughout the development of the Guidelines. The work group also collaborated to develop Partner Agency Priorities for the IWMP that were adopted by the State Water Board in the Guidelines.

### IV. Nonpoint Source Pollution Control Program

The State Water Board was appropriated \$19 million from the *California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002* (Proposition 40) for the NPSPCP. The purpose of the NPSPCP is to fund projects that protect the beneficial uses of water throughout the State through the control of NPS pollution. The Proposition 13 NPSPCP has similar eligibility requirements to the Proposition 40 NPSPCP. Many projects are eligible for both programs, so the remaining NPSPCP funds are being awarded through the 2005-06 Consolidated Grants Program.

### V. Appropriations and Grant Program Fund Balances

Proposition 40 funds were appropriated to the State Water Board in September 2002 (Chapter 727, Statutes of 2002) and are available for encumbrance until December 31, 2006. Remaining Proposition 13 funds were appropriated in State Fiscal Year 2005-06 (\$11.5 million). As projects close out or are terminated with unspent balances, additional funds may become available. Staff will request new appropriations and the funds will be used for projects that are currently below the funding line on the Recommended Funding Lists.

Table 1, below, shows the fund appropriations for the Proposition 40 IWMP and NPSPCP, along with the Proposition 13 NPSPCP and WPP, projects will be awarded funding in the order shown on the lists until all funds are exhausted.

**Table 1: Grant Program Fund Balances**

<b>PROGRAM</b>	<b>FUNDING</b>
Proposition 40 IWMP	\$47,500,000
Proposition 13 WPPP	<u>\$ 1,673,027</u>
<b>Total:</b>	<b>\$49,173,027</b>
Proposition 40 NPSPC	\$19,000,000
Proposition 13 NPSPC	<u>\$ 7,010,094</u>
<b>Total:</b>	<b>\$26,010,094</b>

## **POLICY ISSUE**

Should the State Water Board adopt a resolution to:

1. Approve the funding for projects on the Recommended Funding Lists above the funding line for IWMP and NPSPCP, as part of the 2005-06 Consolidated Grants Program;
2. Authorize the issuance of grants and amendments to implement the projects; and
3. Authorize the Deputy Director of the Division to withdrawal grant agreements if applicants are non-responsive. Authorize the Deputy Director of the Division to issue grants to proposals below the funding line in the event that funds are withdrawn for non-responsiveness or become available from completed or terminated projects or additional federal appropriations?

## **FISCAL IMPACT**

Local assistance appropriations authorized for Propositions 13 and 40 are sufficient to fund the recommended Projects.

## **REGIONAL WATER BOARD IMPACT**

Yes. All Regional Water Boards.

## **STAFF RECOMMENDATION**

That the State Water Board adopt a resolution to:

1. Approve the funding for projects on the Recommended Funding Lists above the funding line for IWMP and NPSPCP, as part of the 2005-06 Consolidated Grants Program;
2. Authorize the issuance of grants and amendments to implement the projects; and
3. Authorize the Deputy Director of the Division to withdrawal grant agreements if applicants are non-responsive. Authorize the Deputy Director of the Division to issue grants to proposals below the funding line in the event that funds are withdrawn for non-responsiveness or become available from completed or terminated projects or additional federal appropriations.

Exhibit 1  
 2005-06 Consolidated Grants Program  
 Integrated Watershed Management Program (IWMP) - Planning\*  
 Recommended Funding List

PIN	PROPOSAL TITLE	NATIVE REGION(S)	FUNDS REQUESTED	TOTAL
9328	Developing the Sacramento River Watershed Management Plan: A Roadmap for the Future	5S	\$420,000	\$420,000
8830	Big Creek Watershed Management: Collaborative Planning for Hayfork's Municipal Water Source	1	\$230,000	\$650,000
9318	Napa River Sediment Reduction and Habitat Enhancement Plan	2	\$500,000	\$1,150,000
9511	Mad River Integrated Watershed Management Plan	1	\$355,175	\$1,505,175
9236	Toward a Working TMDL: A Watershed Plan for the Van Duzen River Basin	1	\$340,200	\$1,845,375
9069	Nacimiento and San Antonio River Integrated Watershed Management Plans	3	\$487,400	\$2,332,775
9163	Pilarcitos Creek Integrated Watershed Management Plan	2	\$202,500	\$2,535,275
9041	Aligning Land Use Policies and Water Quality Management	Statewide	\$500,000	\$3,035,275
8833	Salmon Creek Integrated Assessment Plan	1	\$225,000	\$3,260,275
9211	Assessment of an Urban Watershed as a Teaching Tool for Local Watershed Groups	2	\$180,000	\$3,440,275
9369	San Gregorio Creek Watershed: Planning for Restoration	2	\$500,000	\$3,940,275
9464	Mill Creek General Planning	1	\$217,500	\$4,157,775
9075	Stillwater-Churn Creek Watershed Management Plan	5R	\$110,586	\$4,268,361
9188	Agua Hedionda Watershed Management Project	9	\$500,000	\$4,768,361
8893	Rodeo Watershed Planning	2	\$230,000	\$4,998,361
9153	Rose Creek Watershed: Hydrology Assessment and Mission Bay Wetlands	9	\$200,000	\$5,198,361
9388	Russian River Tributary Watersheds Integrated Management Plan and TMDL Support	1	\$500,000	\$5,698,361
9447	East Walker Watershed Management Plan	6	\$199,000	\$5,897,361
9545	Upper Laguna Creek Collaborative Planning Process	5S	\$174,480	\$6,071,841
9512	Pacific Grove CCA Watershed Planning & BMP Feasibility Study	3	\$118,770	\$6,190,611

\$6,190,611

**\*Applicants must address technical reviewer comments during the development of their grant agreement.**

PINs NOT recommended for funding do not appear on this list.

Exhibit 2  
2005-06 Consolidated Grants Program  
Integrated Watershed Management Program (IWMP) - Implementation\*  
Recommended Funding List

PIN	PROPOSAL TITLE	NATIVE REGION	FUNDS REQUESTED	TOTAL	
9342	Mattole River Watershed Management Initiative	1	\$3,280,200	\$3,280,200	
9019	Trinity Drinking Water Source Sediment Reduction Project	1	\$505,384	\$3,785,584	
8914	Integrated Watershed Restoration Program Phase 2	3	\$4,048,135	\$7,833,719	
8839	Middle Santa Ana River Pathogen TMDL - BMP Implementation	8	\$600,000	\$8,433,719	
9402	San Anselmo Creek MTCC Erosion Reduction, Habitat Enhancement, Flood Management, and Fish Passage I	2	\$1,435,000	\$9,868,719	
9556	Mill Creek Wetland Regional Natural Treatment System	8	\$5,000,000	\$14,868,719	
8919	Perazzo Meadows Acquisition and Restoration	6	\$2,000,000	\$16,868,719	
8828	Evaluating Land Use Practices in Sierra Nevada Watersheds and Their Impact on Water Quality	6	\$925,000	\$17,793,719	
9144	Lake Nacimiento Watershed Mercury Sediment Reduction Project	3	\$1,000,000	\$18,793,719	
9033	San Jacinto River Watershed Nutrient TMDL BMP Implementation	8	\$600,000	\$19,393,719	
9122	Reforestation of the upper Bull Creek watershed	1	\$525,000	\$19,918,719	
9377	Stormwater Attenuation and Floodplain Restoration Project	1	\$5,000,000	\$24,918,719	
9114	Salinas River Parkway	3	\$4,000,000	\$28,918,719	
9124	Matilija Dam Ecosystem Restoration Project (Project)	4	\$5,000,000	\$33,918,719	
9353	Tomki Road Feasibility Study & Prototype Vented Low Water Crossing	1	\$337,500	\$34,256,219	
8906	Upland Basin Expansion Project Phase 2	8	\$5,000,000	\$39,256,219	
8929	Big Chico Creek and Lindo Channel Floodplain, Wetland and Riparian Restoration	5	\$1,307,418	\$40,563,637	
8974	Pond A8 Applied Study	2	\$1,125,000	\$41,688,637	
9039	Brookside Park BMP Program	4	\$1,930,207	\$43,618,844	\$ 44,404,666 Funding Line
9235	Freshwater Runoff Treatment Ponds	9	\$550,017	\$44,168,861	
9427	Lower Ventura River Wetlands Restoration and Enhancement	4	\$2,000,000	\$46,168,861	
9112	Los Coches Creek/Ha Hana Creek Water Quality, Flood Control and Restoration Project	9	\$1,076,850	\$47,245,711	
8999	Forester Creek Improvement Project	9	\$2,000,000	\$49,245,711	
9177	Arroyo Grande Creek Water Quality Enhancement and Flood Management Project 2006-2008	3	\$664,537	\$49,910,248	
9520	Jackson Demonstration State Forest (JDSF) Sediment Reduction and Fish Passage Improvement	1	\$262,165	\$50,172,413	
9199	Ormond Beach Wetlands Preservation for Subsequent Restoration	4	\$5,000,000	\$55,172,413	
			<b>\$55,172,413</b>		

**\*Applicants must address technical reviewer comments during the development of their grant agreement.**

PINs NOT recommended for funding do not appear on this list.

Exhibit 3  
 2005-06 Consolidated Grants Program  
 Nonpoint Source Pollution Control Program (NPSPCP)\*  
 Recommended Funding List

PIN	PROPOSAL TITLE	NATIVE REGION(S)	FUNDS REQUESTED	TOTAL
9150	Chino II Desalter Ultimate Expansion Project	8	\$5,000,000	\$5,000,000
8967	Porous Pavement & Model Municipal Operations Center-Phase II	9	\$1,500,000	\$6,500,000
9401	Los Peñasquitos Sediment Basin	9	\$1,107,000	\$7,607,000
9452	Lake Elsinore Recharge Pipeline	8	\$2,175,000	\$9,782,000
8961	Calleguas Regional Salinity Management Program, Phase 1B (Brine Line)	4	\$5,000,000	\$14,782,000
8891	Upper Middle Fork Feather River Complex	5	\$1,068,000	\$15,850,000
8921	Lake Tahoe Watershed Improvement Project	6	\$3,003,779	\$18,853,779
9006	Irby Park Urban Runoff Treatment Project	8	\$1,875,000	\$20,728,779
9028	Tijuana River Valley Invasive Plant Control Program - Phase 3	9	\$719,000	\$21,447,779
8814	Groundwater Quality Protection Project: Phase IV	7	\$2,000,000	\$23,447,779
8862	Sacramento-San Joaquin Delta Watersheds Boating Program (DBP)	5	\$1,650,061	\$25,097,840
9324	Strathern Pit Multiuse	4	\$912,254	\$26,010,094
9324	Strathern Pit Multiuse	4	\$4,087,746	\$30,097,840
8853	Westside Regional Drainage Plan - Distribution Facilities Improvements Component	5	\$5,000,000	\$35,097,840
9245	Van Duzen Watershed Ranch Road Sediment Reduction Project - Phase II	1	\$375,000	\$35,472,840
9060	Water Quality Improvements on California Rangelands: Demonstrating Success and Cost-effectiveness	1,3, 5, & 6	\$600,000	\$36,072,840

\$ 26,010,094  
 Funding Line

\$36,072,840

**\*Applicants must address technical reviewer comments during the development of their grant agreement.**

PINs NOT recommended for funding do not appear on this list.

**STATE WATER RESOURCES CONTROL BOARD  
RESOLUTION NO. 2006-**

**APPROVING OF PROJECTS, AND AUTHORIZING ISSUANCE OF GRANTS FOR THE INTEGRATED  
WATERSHED MANAGEMENT PROGRAM (IWMP) AND THE NONPOINT SOURCE POLLUTION  
CONTROL PROGRAM (NPSPCP) ADMINISTERED THROUGH THE 2005-06  
CONSOLIDATED GRANTS PROGRAM**

**WHEREAS:**

1. In March 2002, the voters approved the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40). Approximately, \$175 million from Proposition 40 was appropriated to the State Water Resources Control Board (State Water Board) to administer through eight different programs, including IWMP (\$47.5 million) and the NPSPCP (\$19 million);
2. Additional funding is available from Proposition 13. These are remaining funds are from the Watershed Protection Program (WPP) (\$1.7 million), NPSPCP (\$7 million), and Coastal NPSPCP (\$2.8 million);
3. The State Water Board anticipates receiving federal appropriations pursuant to Clean Water Act Section 319 in federal fiscal year 2007 to fund nonpoint source pollution control activities including projects;
4. The State Water Board adopted the 2005-06 Consolidated Grants Program Guidelines (Guidelines) establishing the evaluation criteria and the review and selection process for the 2005-06 Consolidated Grants Program's two-step process and identifying partner agency priorities;
5. The State Water Board released the Concept Proposal Solicitation Notice in January 2006, soliciting project proposals for six interrelated grant programs from Proposition 40, Proposition 50, and federal Clean Water Act Section 319;
6. The State Water Board released the Full Proposal Solicitation Notice in April 2006, soliciting Full Proposals from the most competitive Concept Proposal applicants;
7. Consistent with the Guidelines, the Full Proposals were reviewed for technical merit by technical review teams consisting of staff from the State Water Board, Regional Water Quality Control Boards, United States Environmental Protection Agency, Resources Agency, San Francisco Bay Conservation and Development Commission, and other partner agencies. The projects recommended for funding represent the most competitive proposals;
8. Recommended funding lists for the Proposition 40 IWMP and NPSPCP were prepared by State Water Board staff with input from the technical review teams and forwarded to the Selection Panel for review and recommendation in accordance with the process outlined in the Guidelines;
9. The Selection Panel recommends funding the projects presented on the Recommended Funding Lists, which were determined to best address the priorities identified in the Guidelines, and result in projects related to watershed protection, water management, and the protection of beneficial uses through the control of nonpoint source pollution; and
10. The Guidelines allow withdrawal of the grant awards to non-responsive applicants, and issuance of grant awards to other competitive proposals that are below the funding line.

**THEREFORE BE IT RESOLVED THAT:**

The State Water Board:

1. Approves the funding for projects on the Recommended Funding List from the IWMP and NPSPCP;
2. Authorizes the issuance of grants and amendments to implement the projects;
3. Authorizes the Deputy Director of the Division of Financial Assistance (Division) to withdrawal grant awards if applicants are non-responsive. Authorizes the Deputy Director of the Division to issue grants to proposals below the funding line in the event that funds are withdrawn for non-responsiveness or become available from Proposition 13 or additional federal appropriations.

**CERTIFICATION**

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on September 6, 2006.

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Clerk to the Board